



Making a Difference.

Home Means Nevada, Inc.

Progress Report 06-11-2015

Anna Zakowska, CEO

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STATISTICS: FORECLOSURES 2013

As of April 2013, the total number of U.S. Foreclosures was 723,131. Nevada had 11,664 foreclosures that year with a 4.3% foreclosure inventory.¹

STATISTICS: FORECLOSURES 2015

As of March 2015, the total number of U.S. Foreclosures was 542,000. Nevada had a foreclosure count of 7,846 with a 2.2% foreclosure inventory.

Over the last year, the foreclosure inventory changed by -0.3% and the serious delinquency rate totaling 5.2%, compared to the national rate of 3.9%.²

STATISTICS: NEGATIVE EQUITY 2015

Twenty-three percent of homeowners have negative equity in their home.³

¹ Corelogic. "National Foreclosure Report January 2013." National Foreclosure Report (2013): Web. 13 Apr. 2015.

² Corelogic. "National Foreclosure Report March 2015." National Foreclosure Report (2015): Web. 9 June. 2015.

³ University of Nevada, Las Vegas and the State of NV Department of Business & Industry. "Nevada's Housing Market (March 2015)." Report on Nevada's Housing Market (2015): Web. 9. June. 2015.



About Home Means Nevada, Inc.

Home Means Nevada, Inc. (HMN) is a non-profit corporation that was created by the State of Nevada Department of Business and Industry to manage programs that aid in reversing and preventing the adverse effects of neighborhood blight associated with foreclosures in the state of Nevada.

The Development of Home Means Nevada, Inc. (HMN) and Nevada's Home Retention Program (NHRP)

HMN was incorporated in January 2012 with one of the main goals to stabilize and aid in the recovery of the depressed housing market in Nevada as well as bring back pride of home ownership.

The Nevada Legislature moved \$49 million from the Mortgage Settlement Fund in order to establish the Nevada Home Retention Program (NHRP). In addition, HMN obtained \$51 million from the Housing Division as a bridge loan to acquire delinquent mortgages below market value and restructure them to provide homeowners with an affordable monthly payment.

HMN attempted to purchase the first pool in the HUD auction in December of 2013. Unfortunately, HMN was outbid by other participants. Therefore, in January 2014, HMN had started negotiating a direct sale with HUD that came to fruition with HMN and HUD signing a contract in April of 2014 to purchase 221 notes that were transferred to HMN's loan servicer by the end of July 2014.



Through the Housing Counselors' outreach and HMN's research and marketing, HMN successfully conducted a borrower outreach via phone calls, door knocking and issuing "golden" tickets sent by U.S. mail. Once the occupancy was determined, the modification request process was open for the owner occupants and was facilitated by the housing counselors. Unfortunately, by the time HMN obtained the 221 notes from HUD, over half of the homes were already vacated by the borrowers in the assumption that they could be displaced at any time. This combined information established that of the 221 properties, only 108 were determined to be owner-occupied and 16 were tenant occupied.

NHRP modification provides an affordable monthly mortgage payment to homeowners whose total debt does not exceed 43%. The modification can be accomplished by the reduction of the unpaid principle balance to the current value of property, the reduction of the interest rate and/or the change of other note's terms. For the properties where the homeowners do not owe more than the current market value, HMN provides standard modifications where HMN essentially takes the amount owed and amortizes it. The permanent principle reduction is forgiven after 12 successful monthly payments.

The first two successful modifications were approved in September of 2014 and their first modified payment was made in November 2014. Both homeowners still remain current. To date, **39% of the owner occupied properties with homeowners interested in pursuing modification were approved for modification.** Additionally, all executed modifications remain current.

For the unsuccessful modification applications, HMN extended the offer of deeds in lieu, short sales, possibly cash for keys and if none of these worked, then foreclosure proceeded. For those properties that had already been abandoned, the foreclosure process was accelerated to gain title to properties to preserve and rehabilitate them.

For those still occupying their homes, HMN pursued contact to determine the homeowner's desire. If the owner occupants were not interested in applying for any loss mitigation assistance, HMN continued with the foreclosure. HMN paused foreclosures around the Nationally observed holidays to avoid disturbing the homeowners and their families.

HMN's first foreclosures occurred the 1st half of November, 2014. HMN's first Real Estate Owned (REO) properties to be sold were immediately secured, bids obtained from local contractors, and rehabilitation started in January 2015. The first homes listed in February 2015. The first successful sale occurred in March 2015, and the new family is living their dream of homeownership in Nevada.

An Overview of Home Means Nevada, Inc. Statistics

Modifications

To date, 108 Borrowers expressed an oral interest to the Housing Counselors that are interested to apply for modification, which is 46% of the total 221 properties comprising the portfolio. However, only 58 submitted modification applications and of those 58:

- **32 submitted full packages and were approved (39% of whole portfolio that are owner occupied interested in modification);**
- 23 were either incomplete or did not qualify;
- 7 more requests are still being reviewed by the Loan Servicer prior to its submission to the HMN staff and HMN Board of Directors.

HMN allows the borrowers to reapply for a modification after their modification request is declined or found to be incomplete. The act of modifying accomplishes crucial goals in neighborhood stabilization which include avoiding foreclosure, gaining back personal pride and continuing development of community growth.

Deed in Lieu of Foreclosure

To date, 48 Borrowers expressed an oral interest to the Housing Counselors that are interested to surrender the title of their properties via deed in lieu of foreclosure. **Eleven Homeowners submitted a complete package and were processed, approved and recorded successfully.** After a deed in lieu of foreclosure is accomplished, the home becomes a real estate owned (REO) property and the rehabilitation is starting.

Short Sale

HMN also facilitated the short sale option for homeowners in the event they decide to short sale their home instead of applying for a modification or pursuing a deed in lieu of foreclosure. **Nine short sale applications have been processed and four have been approved and sold.** Five more requests are still being reviewed by the Loan Servicer and HMN Staff.

Real Estate Owned (REO) Properties

HMN has thus far taken possession of 57 REO properties, some of which have been rehabilitated and sold, while others are currently in the rehabilitation process. These properties were previously owned by homeowners that did not actively try and prevent the foreclosure by working with HMN on any of their loss mitigation options. Therefore, the properties have been foreclosed and rehabilitated to prepare for resell to a new owner occupant. In addition, the values of all homes in the neighborhood benefit from HMN's presence because the rehabilitated properties do not remain vacant for long.

To date, the status of our 57 REOs are: 15 under rehabilitation; 9 currently listed; 7 under contract; 9 under eviction; 4 under bidding process and 13 sold. Of the 57 REO properties, the total cost of these properties is \$8,213,969 and the estimated current market value of them all is \$9,662,588. Therefore, the projected proceeds from these sales is \$1,448,618.

Considering the current valuation of the portfolio and market condition remaining stable, the NHRP Program gross profit is forecasted to be \$7.6 million and the net income is forecasted to be \$2.2 million. These profits are recycled back into the fund stimulating the housing market in Nevada.

HMN Property Rehabilitation

A sample of before and after photos of HMN rehabilitated REO properties are presented on the following pages.



“Way out in the land of the setting sun,
Where the wind blows wild and free,
There's a lovely spot, just the only one
That means home sweet home to me.” - Nevada State Song

Home Means Nevada, Inc. Rehabilitated REO Properties



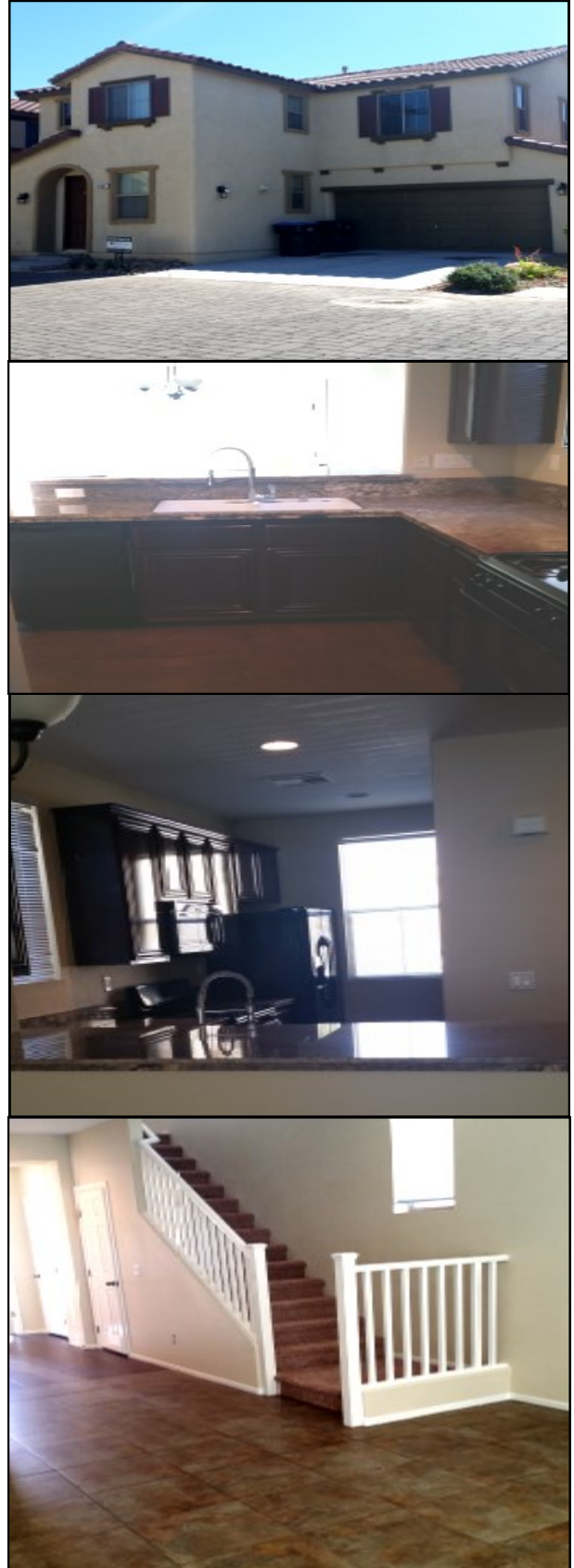
FERNLEY, NV (BEFORE)

FERNLEY, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties

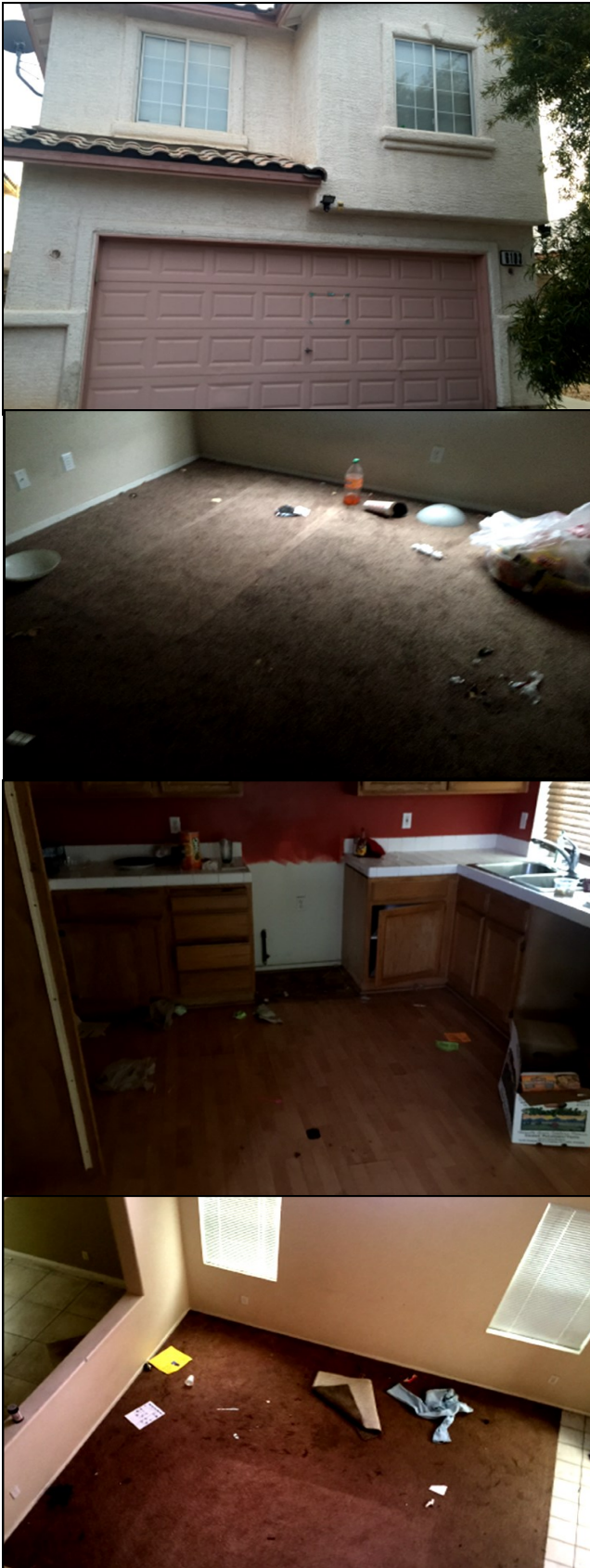


NORTH LAS VEGAS, NV (BEFORE)



NORTH LAS VEGAS, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties



LAS VEGAS, NV (BEFORE)



LAS VEGAS, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties



DAYTON, NV (BEFORE)



DAYTON, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties



HENDERSON, NV (BEFORE)

HENDERSON, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties



DAYTON, NV (BEFORE)

DAYTON, NV (AFTER)

Home Means Nevada, Inc. Rehabilitated REO Properties



LAS VEGAS, NV (BEFORE)

LAS VEGAS, NV (AFTER)

Future Opportunities

HMN is a platform for home retention and neighborhood stabilization in the State of Nevada and thus provides a space for a myriad of opportunities within this sector to assist in various housing needs. Several prospective areas are outlined below in which HMN has the potential to migrate to help distressed homeowners and neighborhoods throughout the state. There is potential for these prospective areas to be done in parallel, as they all tie into the organization's mission and platform.

HMN has established relationships with Nevada state banks and credit unions to open negotiations to acquire discounted mortgage loans that are underwater. With this availability, HMN can continue to help Nevadans to retain their home by providing the principle reduction to the current market value. As a continuation of the Nevada Home Retention Program (NHRP) or as a new program, there is potential to partner with banks to raise CRA (Community Reinvestment Act) funds as a loan to HMN. The organization can thus buy more underwater mortgages and continue on its successful path with a similar approach to the NHRP.

Banks provide other funding opportunities through their investments and dedication to community development and affordable housing. For example, JPMorgan Chase and its Foundation gave more than \$210 million to thousands of nonprofits throughout the United States in 2013 and continuously address their responsibility to challenges in this sector.³ Wells Fargo also emphasizes the importance of its philanthropic goals through their grants in revitalizing communities and creating affordable housing, particularly in Nevada.⁴ Home Means Nevada has the opportunity to apply for grants from Banks such as these because its mission aligns with their funding objectives.

HMN has the potential to serve as a source of housing counseling for considerably underserved populations. This could include topics such as financial management, improving housing conditions for tenants and homeowners, property maintenance, fulfilling their housing responsibilities and many more related counseling topics. Since HMN has a large existing network of distressed homeowners as a starting point and a great relationship with local organizations that provide housing counseling, HMN has the ability to serve as a liaison to connect these as well as potentially provide its own services.

HMN can expand its neighborhood stabilization through larger property rehabilitation efforts. Potential opportunities include rehabilitating housing for ownership or rent, demolition of dilapidated housing to provide for new housing and other related rehabilitation activities. HMN has the opportunity to accomplish this by working with specific local counties and/or agencies through the incorporation of their future plans and funds. An integrated approach such as this could be beneficial for neighborhood stabilization and serve as an example to other states.

Transitional housing is also a vital area that HMN has the opportunity to transition, which will not only make an impact on distressed individuals, but also stabilize neighborhoods. Individuals or families affected by hardship situations are in need of short-term and long-term housing. HMN has the ability to create innovative partnerships that improve transitional housing by bringing together organizations, victim service providers, housing counseling services, and many other services.

³ JPMorgan Chase. <http://www.jpmorganchase.com/corporate/Corporate-Responsibility/global-philanthropy.htm>. Web. 16 June. 2015.

⁴ Wells Fargo. https://www.wellsfargo.com/about/charitable/nv_guidelines. Web. 16 June. 2015

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“When people are safe in their homes, they are free to pursue their dreams for a brighter economic future for themselves and their families.” - George Pataki